

# Northumbria Research Link

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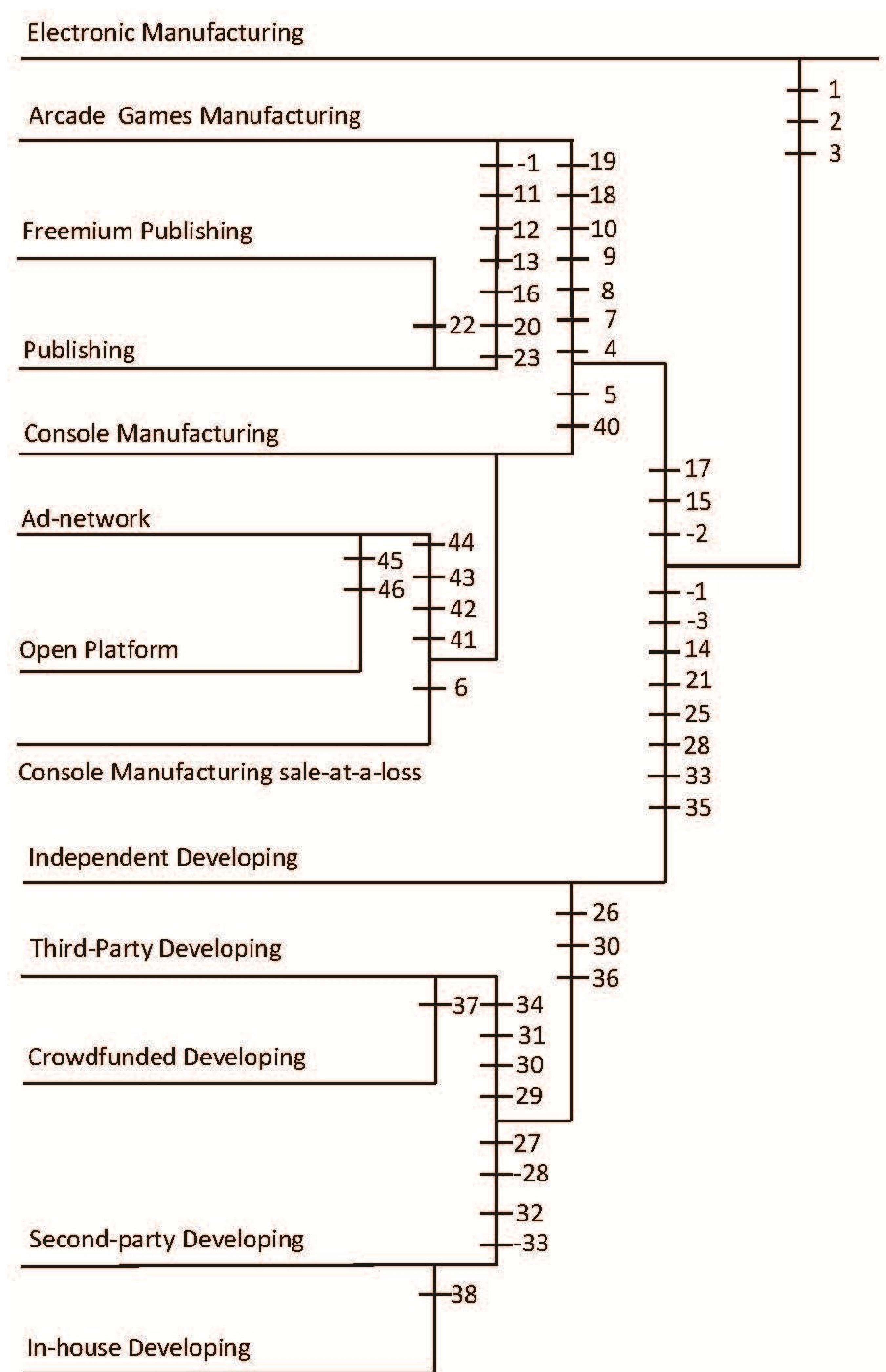
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# Classification of the Digital-games Industry's Business Models



### The functions of Business Models (*Chesbrough, 2002*):

- Articulate the value proposition
- Identify market segment
- Define the structure of value-chain
- Specify the revenue generation mechanism
- Describe the firm’s position within the value network
- Formulate the competitive strategy

**Business model archetype:** Specifies the value-creating mechanism

### Business Model Evolution:

- Selection
- Replication
- Variation

### Business model Component Analysis (*Character Selection*):

- Value Proposition
- Value Network
- Revenue generation mechanism

### Cladistics Classification (*Taxonomy*):

- Phylogenetic Classification: homogeneous groups based on most recent ancestor
- Hierarchical Classification
- Numerical Classification

### 4 Classes:

- Arcade Manufacturing
- Console Manufacturing
- Publishing
- Developing

### 12 Archetypes:

- Arcade Manufacturing
- Freemium Publishing
- Publishing
- Console Manufacturing
- CM (sale-at-a-loss)
- Ad Network
- Open Platform
- Indie Developing
- 3<sup>rd</sup>-Party Developing
- Crowdfunded developing
- 2<sup>nd</sup> Party Developing
- In-house Developing

Code	Character	Code	Character
1	Platform manufacturing	24	Own digital distribution channels
2	Video-games Development	25	Third-party digital distribution
3	Own Publishing	26	Multidisciplinary development team
4	Game-dedicated platform	27	Exclusive publishing agreements
5	Console Manufacturing	28	Development independence
6	“Razor-blade” model	29	Revenue stream via royalties
7	Own distribution channels	30	Multiple publishing contracts
8	Third-party distribution channels	31	Small, close-knitted teams
9	Own development studios	32	Big production studios
10	Outsourcing game development	33	Middleware use
11	Localisation Services	34	Exit strategy
12	Layout design and printing	35	Cost minimisation
13	IP acquisition	36	Open source graphic engines
14	IP Creation	37	Crowdfunding
15	Universal development support	38	Total publisher dependence
16	Production risk minimisation	39	Game development self funding
17	High Marketing costs	40	Royalties from publishers revenue stream
18	Hit driven strategy	41	Royalties from ads
19	Royalty Payments	42	Royalty payments to online hosts
20	Physical copies	43	Servers as platforms
21	Outsourcing publishing	44	Online host partnerships
23	Micro-transactions	45	Video game streaming
23	In-game advertisement	46	Subscription based revenue stream